CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 11, 1998

H.R. 755

A bill to amend the Internal Revenue Code of 1986 to allow individuals to designate any portion of their income tax overpayments, and to make other contributions, for the benefit of units of the National Park System

As ordered reported by the House Committee on Resources on November 5, 1997

SUMMARY

CBO estimates that enacting H.R. 755 would cost about $4 million over 10 years. Of that total, about $2 million would be for start-up costs in 1998, subject to appropriation of the necessary amounts. The remaining $2 million is the estimated 10-year sum of the small annual differences between changes in federal revenues and direct spending. Revenues would increase by about $6 million a year between fiscal years 1999 and 2008, but outlays from new direct spending authority would increase by a slightly larger amount each year.

H.R. 755 would affect government receipts and direct spending; therefore, pay-as-you-go procedures would apply. The net budgetary effect, however, would be less than $500,000 a year. The legislation contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would have no significant impact on the budgets of state, local, or tribal governments.

H.R. 755 would allow federal taxpayers to contribute money to the National Park Service (NPS) at the same time as they file their individual income tax returns. The procedure specified by the bill for making such contributions is usually called a "check-off" system because taxpayers indicate their desire to contribute to a particular program by placing a check mark in a box on their tax forms. The tax form may include additional lines or boxes on which to specify the amount of the donation. Unlike the current check-off for the Presidential Election Campaign Fund, a contribution to the national parks trust fund established by H.R. 755 would require a reduction in the taxpayer's refund or a cash contribution submitted with the tax return. (Contributions from both sources are treated as miscellaneous revenues for budgetary purposes.) Under existing law, taxpayers who itemize their deductions could deduct their contribution on their next federal tax return.

The bill also would create within the U.S. Treasury a national parks trust fund, consisting of the amounts contributed by taxpayers and interest earned on fund investments. Proceeds to the fund (including interest) would be available without further appropriation for operations, maintenance, and construction at NPS sites and certain administrative expenses of the Department of Treasury.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that enacting H.R. 755 would increase both miscellaneous revenues and budget authority by nearly the same amount—$6 million—in each fiscal year beginning in 1999. Because the contributions would be tax-deductible, however, net revenues would always be slightly less than the amounts deposited in the proposed trust fund. In addition, the new budget authority for spending from the fund would always be slightly more than the amounts of contributions because of interest earnings on fund balances. Over the first five years, the aggregate effect of these factors would be negligible. Once the program becomes more established and outlays begin to catch up with budget authority, however, the effect would be more pronounced. The net cost to the federal government would be less than $0.5 million each year but would total nearly $2 million over the first 10 years of the program. In addition, assuming appropriation of the necessary amounts, one-time initial costs for implementing the bill would be less than $2 million in 1998. The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that H.R. 755 would be enacted by the middle of fiscal year 1998, and that the government would begin to receive taxpayer contributions beginning in calendar year 1999. This estimate is based on information provided by the Departments of Treasury and the Interior, the Federation of Tax Administrators (FTA), the National Parks and Conservation Association (NPCA), and officials of state taxing authorities.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
CHANGES IN REVENUES						
Estimated Revenues	0	6	6	6	6	6
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	6	6	6	6	6
Estimated Outlays	0	6	6	6	6	6
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	2	0	0	0	0	0
Estimated Outlays	2	0	0	0	0	0

Enacting H.R. 755 would affect both revenues and direct spending. Also, assuming appropriation of the necessary amounts for fiscal year 1998, the Treasury Department would incur small, one-time discretionary costs to implement the bill's requirements. These would include expenses to alter tax forms and to establish new accounting procedures. We expect such spending to be less than $2 million.

Revenues

Based on information provided by states that have existing check-off programs, CBO estimates that federal taxpayers would contribute about $6 million annually to the new national parks trust fund beginning in fiscal year 1999. We expect that between 1 percent and 2 percent of taxpayers would contribute to the new fund, and that most contributions would be $5 or less. In each of the following years, annual revenues from contributions would be offset by small losses of individual income tax revenues because taxpayers who itemize their deductions would be able to treat check-off donations as charitable contributions on their next tax returns. Because only about 28 percent of taxpayers itemize deductions, we estimate that this revenue loss would be less than $0.5 million annually.

The estimates of contributions and resulting spending authority are highly uncertain because they are based on assumptions regarding taxpayers' behavior, which is difficult to predict and may change over time. If the contributions realized from enacting this legislation exceed or fall short of CBO estimates by small amounts, the net effect on the federal budget would still be negligible because the changes would be largely offsetting. If, however, actual revenues are much higher than we estimate, the effect on net federal spending could be significantly higher.

Direct Spending

H.R. 755 would direct the Treasury to deposit the entire amount of revenue earned from the new check-off program into the national parks trust fund. Annual budget authority from the trust fund would be equal to the year's total check-off contributions plus the amount of any interest earned on the fund's investments. Assuming that a portion of trust fund balances would be invested for at least some of each year, CBO estimates that new spending authority for each year would be $6.1 million—a little over the $6 million received as contributions. Outlays from new spending authority would be slightly less than $6 million in the first few years of the program and slightly more than that after 2002.

CBO expects that beginning in 1999 the Treasury Department would transfer most of the amounts in the trust fund to the NPS, which would use the money to augment appropriated funding for high-priority maintenance and repair activities. (Annual appropriations to the agency's construction account vary widely from year to year. To date, $215 million has been appropriated for fiscal year 1998.) We expect that the Treasury would retain a portion of annual collections to cover ongoing administrative expenses. These include the costs of processing amounts designated or received as taxpayer contributions, of investing fund balances, and of accounting for transactions of the trust fund.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	6	6	6	6	6	6	6	6	6	6
Changes in receipts	0	6	6	6	6	6	6	6	6	6	6

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 755 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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